

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES – BUSINESS AUTO COVERAGE FORM

For a covered "auto" licensed or principally garaged in Virginia, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Paragraph A. Coverage of Section II – Liability Coverage is replaced by the following:

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We have the right and duty to defend any "suit" for such damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

B. Paragraph A.2. Coverage Extensions of Section II – Liability Coverage is amended as follows:

1. Paragraphs a.(3), a.(5) and a.(6) of Supplementary Payments are replaced by the following:

a. Supplementary Payments

In addition to the Limit of Insurance, we will pay for the "insured":

- (3)** The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- (5)** All costs taxed against the "insured" in any "suit" we defend.
- (6)** All interest on the full amount of any judgment that accrues after entry of judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

2. Paragraph a. Supplementary Payments is amended by the addition of the following:

a. Supplementary Payments

In addition to the Limit of Insurance, we will pay for the "insured":

- (7)** Prejudgment Interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

C. Paragraph A.2.b.(1) of Section II – Liability Coverage is replaced by the following:

2. Coverage Extensions

b. Out-Of-State Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

- (1)** Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used.

D. Paragraph B. Exclusions of Section II – Liability Coverage is amended as follows:

1. Paragraph B.4. Employee Indemnification And Employer's Liability Exclusion is replaced by the following:

"Bodily Injury" to:

- a.** An "employee" of the "insured" arising out of and in the course of employment by the "insured"; or
- b.** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract".

2. Paragraph **B.5. Fellow Employee** Exclusion is deleted.
3. Paragraph **B.6. Care, Custody Or Control** Exclusion is replaced by the following:

"Property damage" to property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

4. Paragraph **B.11. Pollution** Exclusion is replaced by the following:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". This exclusion does not apply if the discharge is sudden and accidental.

- E. Paragraph **C. Limit Of Insurance** of Section II is replaced by the following:

1. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

2. We will apply the limit shown in the Declarations to first provide the separate limits required by Virginia law as follows:

- (a) \$25,000 for "bodily injury" to any one person caused by any one "accident"; and

- (b) Subject to 2.(a) above, \$50,000 for "bodily injury" to two or more persons caused by any one "accident"; and

- (c) \$20,000 for "property damage" caused by any one "accident".

This provision will not change the Limit of Insurance.

- F. The **Business Auto Conditions** of Section IV are amended as follows:

1. Paragraph **A.1. Appraisal For Physical Damage Loss** is replaced by the following:

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of the "loss". If they fail to agree, they will submit their differences to the umpire. An appraisal decision will not be binding on either party. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. Paragraph **A.2.b.(3)** of the **Duties In The Event Of Accident, Claim Or Loss** Condition is replaced by the following:

- b. Additionally, you and any other involved "insured" must:

- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit". The "insured" will be deemed not to have cooperated with us only if his or her failure or refusal to do so harms our defense of an action for damages.

3. Paragraph **A.2.c.** of the **Duties In The Event Of Accident, Claim Or Loss** Condition is replaced by the following:

- c. If there is a "loss" to a covered "auto" or its equipment, you must also do the following, but only with respect to a Physical Damage claim:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Do what is reasonably necessary to protect the covered "auto" from further damage. Also keep a record of your expenses for payment in the settlement claim.

- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
 - (4) Agree to examinations under oath at our request and give us a signed statement of your answers.
4. Paragraph **A.4. of the Loss Payment – Physical Damage Coverages Condition** is replaced by the following:
- At our option, we may:
- a. Pay for, repair or replace damaged or stolen property;
 - b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
 - c. Take all or any part of the damaged or stolen property at an agreed or appraised value.
- If we pay for the "loss", our payment will include:
- (1) The applicable sales and use tax for the damaged or stolen property;
 - (2) Any applicable titling and license transfer fees incurred in obtaining a replacement vehicle in the event of a total "loss" to a covered "auto", and
 - (3) Any applicable general average, salvage or disposal charges.

5. Paragraph **B.2. Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Coverage for your claim under this Coverage Form is void in any case of fraud by you at any time as it relates to the Coverage Form. It is also void if you, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

6. Paragraph **B.5.b. of the Other Insurance** Condition is replaced by the following:

For Hired Auto Physical damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is deemed to be a covered "auto" you don't own.

7. Paragraph **B.8. of the Two Or More Coverage Forms Or Policies Issued By Us** Condition is deleted.

G. Section V – Definitions is amended as follows:

- 1. The "Covered pollution cost or expense" definition is deleted.
- 2. Exceptions **b.** and **c.** to the "insured contract" definition are deleted.
- 3. The definition of "Suit" is replaced by the following:

"Suit" means a civil proceeding in which damages because of "bodily injury" or "property damage", to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.

H. Changes In Endorsements

- 1. All references to Auto Medical Payments are replaced in the endorsements by Medical Expense Benefits.
- 2. All references to personal injury protection (no-fault) and "covered pollution cost or expense" in any endorsement do not apply.